

Message Text

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PAGE 01 STOCKH 00032 041107Z

14

ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 SCEM-02 TRSE-00 SCI-06 INT-08

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 EB-11 COME-00

OMB-01 NEA-10 CIEP-02 DRC-01 /145 W

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R 040910Z JAN 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1222

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ENRG, SW, IC, FI, DA, NO

SUBJECT: NORDIC MEETING ON ENERGY SITUATION

REF: STOCKHOLM 0010

1. NO DECISIONS WERE REACHED AT NORDIC MEETING IN STOCKHOLM, DECEMBER 28, ACCORDING MINISTRY OF INDUSTRY OFFICIAL WHO ATTENDED MEETING. PRESS COMMUNIQUE, AFTER DETAILING NAMES OF PARTICIPANTS FROM FIVE NORDIC STATES, STATED THAT:

QUOTE: AT STOCKHOLM MEETING INFORMATION WAS EXCHANGED ON ENERGY SITUATION IN DIFFERENT NORDIC COUNTRIES AND SAVINGS AND RATIONING MEASURES THAT HAVE BEEN TAKEN AND PLANNED. IT WAS ESTABLISHED THAT PARTICIPATING COUNTRIES HAD MADE SIMILAR JUDGMENTS OF INTERNATIONAL OIL SITUATION AND RELATED PRICE QUESTIONS AND THAT MEASURES TAKEN IN THE RESPECTIVE COUNTRIES, EXCEPT ICELAND, TO MEET SITUATION

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PAGE 02 STOCKH 00032 041107Z

HAVE BEEN SIMILAR IN PART. THERE WAS AGREEMENT THAT, DESPITE

RECENTLY DECIDED INCREASE OF OIL PRODUCTION IN MIDDLE EAST, NEED FOR MEASURES TO RESTRAIN CONSUMPTION REMAINS. MEETING ALSO STRESSED DIFFICULTIES WHICH PRICE DEVELOPMENTS COULD CAUSE. THERE WAS AGREEMENT THAT IT WAS USEFUL TO EXCHANGE INFORMATION AMONG NORDIC COUNTRIES OF CURRENT ENERGY SITUATION AND TO CONTINUE SUCH EXCHANGE. UNQUOTE

2. OFFICIAL CONFIRMED NEWSPAPER REPORTS THAT GROUP WAS CONVENED TO DISCUSS POSSIBILITY OF JOINT NORDIC PURCHASES OF CRUDE OIL DIRECTLY FROM OIL PRODUCING COUNTRIES. HOWEVER, HE SAID STOCKHOLM NEWSPAPERS WENT TOO FAR IN SUGGESTING THAT JOINT ARRANGEMENTS WERE IMMINENT. RATHER, GROUP AGREED TO EXPLORE MATTER FURTHER AND WILL MEET AGAIN IN ABOUT A MONTH. OFFICIAL SUGGESTED THAT GROUP MAY BE CONSIDERING HOW PRIVATE COMPANIES RATHER THAN GOVERNMENT ORGANS MAY BE ABLE TO IMPLEMENT JOINT PURCHASE PROGRAM.

3. HE ALSO CONFIRMED THAT SECRETARY KISSINGER'S PROPOSAL FOR ENERGY ACTION GROUP (EAG) WAS MENTIONED AT NORDIC MEETING BUT NOT DISCUSSED IN DETAIL PENDING FURTHER STUDY. EAG IS SCHEDULED TO BE TAKEN UP AT NEXT MEETING OF NORDICS. (REFTEL)

4. THERE HAVE BEEN SEVERAL ALLUSIONS IN NEWSPAPERS IN RECENT WEEKS TO SWEDISH EFFORTS TO BUY OIL DIRECTLY FROM ARAB STATES. POSSIBILITIES

IN THIS DIRECTION, HOWEVER, ARE REDUCED BY FACT THAT SWEDISH REFINERY CAPACITY IS CURRENTLY ADEQUATE TO MEET ON 30 PERCENT OF COUNTRY'S REQUIREMENTS FOR REFINED PRODUCTS. STOCKHOLM PAPERS REPORTED JANUARY 2 THAT SWEDISH GOVERNMENT TURNED DOWN SAUDI ARABIAN OFFER IN NOVEMBER TO SELL AT LOW PRICE 25 MILLION TONS OF CRUDE (EQUAL TO SWEDEN'S NEEDS FOR ONE YEAR) FOR LACK OF REFINING CAPACITY. GOVERNMENT HAS NEITHER CONFIRMED NOR DENIED STORY.

5. MINISTER OF TRADE KJELL-OLOF FELDT SAID IN PRESS INTERVIEW THAT SWEDISH OIL PURCHASES DIRECT FROM ARAB COUNTRIES COULD NOT SOLVE CURRENT CRISIS. WHAT WE ARE AIMING AT NOW, IS TO BE BETTER PREPARED FOR NEXT AUTUMN AND WINTER, HE SAID. FELDT CONFIRMED THAT SWEDISH NEGOTIATORS ARE SHORTLY EXPECTING TO ENTER INTO DIRECT CONTACT WITH SAUDI ARABIAN OIL AUTHORITIES AND THAT A SWEDISH DELEGATION IS WAITING FOR MORE PRECISE TERMS FROM LIBYA. HE BELIEVED THAT SHORTAGE OF REFINED OIL PRODUCTS HAD COME TO STAY AS A RESULT OF ARAB POLICY TO LIMITED OFFICIAL USE

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PAGE 03 STOCKH 00032 041107Z

TRADE DIRECTLY WITH CONSUMER COUNTRIES AND REDUCE DELIVERIES TO MULTINATIONAL COMPANIES. SWEDEN WILL HAVE TO HIRE REFINERY CAPACITY ABROAD UNTIL HER OWN REFINERY INDUSTRY HAS BEEN ADEQUATELY EXPANDED. FELDT REJECTED ALLEGATIONS THAT GOS HAS MISSED FAVORABLE OFFERS OF OIL, ADDING THAT HE RECEIVED SUCH OFFERS AT RATE OF ONE A DAY, MOST OF WHICH WERE UNACCEPTABLE FOR VARIOUS REASONS, AND WHEN PRICE WAS LOW IT WAS USUALLY "HOT" OIL OF CONTESTED OWNERSHIP.

6. WHILE LEFT-WING PAPERS TAKE PRO-ARAB LINE, ARGUING THAT SWEDEN SHOULD BYPASS MULTINATIONAL OIL COMPANIES, OR "NATIONALIZE" THEM, MODERATE PRESS TAKES A MORE SOBER VIEW. DAGENS HYHETER, FOR EXAMPLE, STATED ON DECEMBER 30 THAT "ALTHOUGH IT MAY SEEN ATTRACTIVE, IN LONG RUN, TO BECOME LESS DEPENDENT ON MULTINATIONAL OIL COMPANIES, WHICH HAVE SO FAR PROVED EXTREMELY USEFUL AS SCAPEGOATS, SUCH A SOLUTION WOULD BE FAR FROM PROBLEM-FREE FOR A COUNTRY LIKE SWEDEN. AS INTERMEDIARIES IN INTERNATIONAL OIL TRADE, THE MULTINATIONALS HAVE ALSO ACTED AS BUFFERS BETWEEN THE PRODUCERS AND THE CONSUMERS OF OIL. SHOULD SWEDEN AND OTHER NORDIC COUNTRIES HAVE TO DEFEND THEIR BUYER INTEREST ALONE AGAINST THE SELLER COUNTRIES, THE QUESTION OF A LINK BETWEEN OUR ENERGY SUPPLY AND OUR FOREIGN POLICY IS BOUND TO ARISE." SOME PAPERS HAVE ALSO NOTED THAT FRANTIC EFFORTS TO BUY DIRECT FROM ARABS HAS CONTRIBUTED IMPORTANTLY TO SHARP INCREASES IN PRICE OF CRUDE. OLSEN

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